




SYSTEM DEVELOPMENT CHARGES (SDCS)

Council Work Session

October 7, 2019

DEFINITION

- System Development Charges (**SDCs**) are one-time fees charged on new development, and certain types of redevelopment or change in use, to help pay for existing and planned infrastructure to serve the development.
- SDCs are one method of financing infrastructure to respond to growth.



Under ORS 223.297 – 223.314

SDCs may be levied and used for specific capital improvements:

- Water supply, treatment and distribution
- Waste water collection, transmission, treatment and disposal
- Drainage and flood control
- Transportation
- Parks and recreation

SDC revenues may not be used for ongoing maintenance or for projects that either increase existing system deficiencies or replace current system capacity.

ADOPTION

- Cities must establish their SDCs by ordinance or resolution.
- The methodology must provide a credit for qualified capital improvements financed by the developer.
- Qualified improvements must be in an adopted plan.
- The calculation methodology must be adopted through a public process.
- The ordinance must set up a review procedure through which anyone may challenge an expenditure of SDC revenue that do not meet regulatory restrictions.

SDC Components/Costs

Reimbursement Fee

- Costs of existing or in-process facilities
- Related to available capacity
- Exclusive of grants & contributions

Improvement Fee

- Projects included on an adopted list
- Related to capacity for growth

Compliance Costs

- SDC methodology development
- Master planning

ADOPTED PLAN

Prior to establishing a **S**ystem **D**evelopment **C**harge a local government shall prepare one of the following:

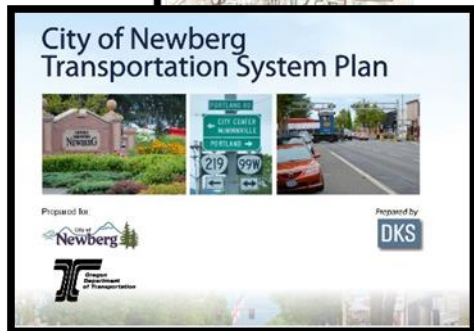
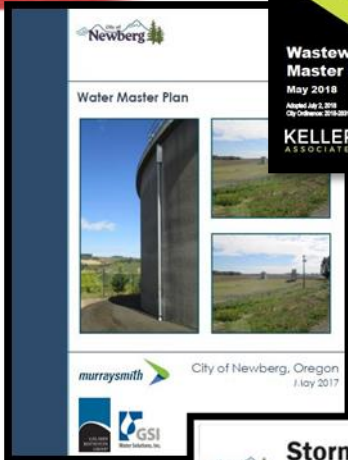
- A capital improvement plan
- Public facilities plan
- Master plan

OR

- A comparable plan

Which will include:

- A list of the capital improvements the local government intends to fund, in whole or in part
- The revenues from any improvement fee
- Estimated cost, timing and percentage of costs to be funded with fee revenues for each



CREDITS

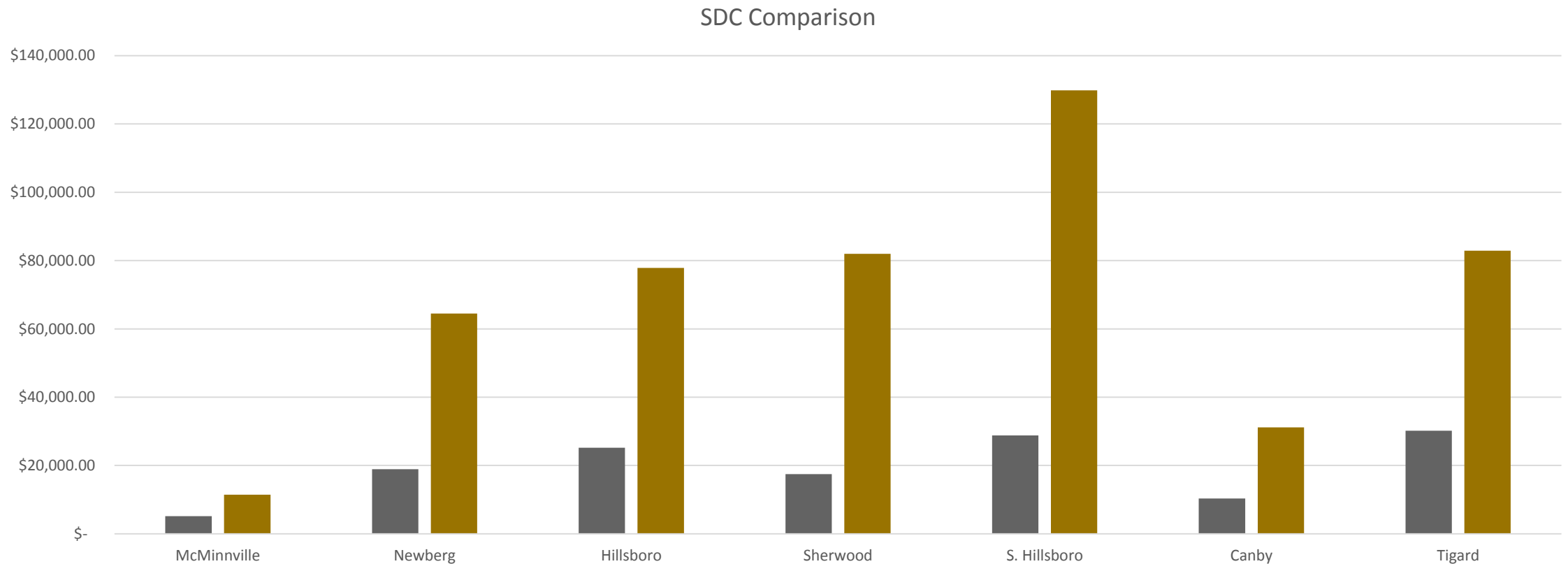
- Previous Use
- Construction of a “qualified public improvement”
 - Required as a condition of development approval,
 - Identified in the plan and list adopted and either
 - Not located on or contiguous to property that is the subject of development approval**or**
 - Located in whole or in part on or contiguous to property that is the subject of development approval **and** required to be built larger or with greater capacity than is necessary for the particular development project to which the improvement fee is related.

NEWBERG SDCs

	Single Family Residence	Quality Restaurant
Transportation	6,407.15	48,160.41
Water	5,431.18	9,232.79
Wastewater	6,729.07	6,729.07
Storm	369.40	369.40
City Totals	18,936.80	64,491.67
School CET	2,000.00	1,000.00
CPRD	7,353.00	0.00
Totals	28,289.90	65,491.67

*Assumes a 2000 sf restaurant & residence

SDC COMPARISON



SDC

WAIVERS/REDUCTIONS

- **Existing**
 - 2 provided for low or moderate income SFR projects for water and wastewater per year
- **Potential**
 - Downtown
 - Affordable Housing

Consequences

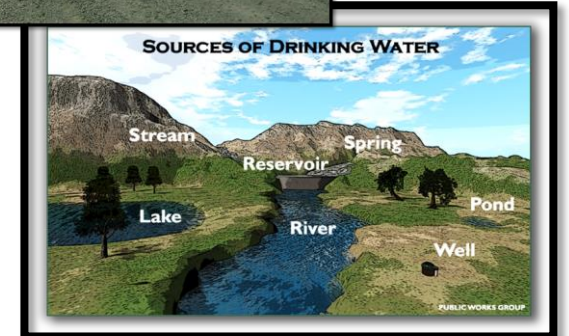
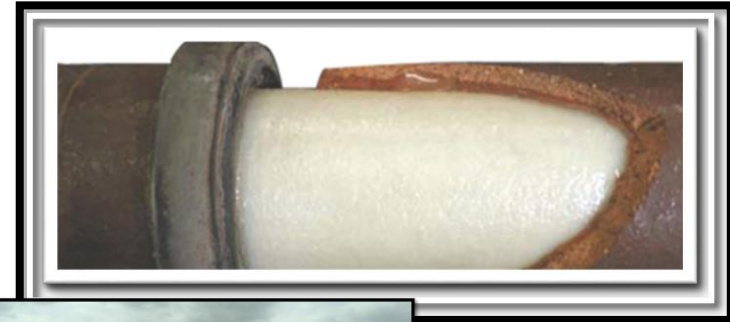
- Reduce revenue
- Subsidize by others





CURRENT PROJECTS

- Chehalem Water and Wastewater Extensions
- E Crestview Drive Extension
- N Elliott Road Improvements
- Bell Road West Pump Station
- Inflow & Infiltration Projects
- Redundant Water Supply





QUESTIONS?